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9 December 2024

## Simberi Mining Lease Early Renewal Progress, Proposed Enhanced Royalties and Kumul Equity MOU

### Highlights

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- Submission for Mining Lease (ML) Early Renewal Application has been accepted and registered by Mineral Resources Authority (MRA) of Papua New Guinea (PNG):
  - Warden Court hearings now to be held in Q3 FY25 in accordance with PNG Mining Act;
  - Accompanying the ML Early Renewal submission were letters of support from the Simberi Landowner Association, New Ireland Provincial Government, Local Member of Parliament (and Minister of Transport and Civil Aviation) and Namatanai District Development Authority.
- St Barbara's proposal for an enhanced net profits based royalty has received strong stakeholder support and is proposed to be introduced into a new Simberi Memorandum of Agreement (MOA) with stakeholders:
  - Royalty payment to participants in MOA would be the greater of a 10% Net Profits Royalty (NPR) or a 3% Net Smelter Return (NSR), as compared to existing 2% NSR;
  - Resumption of the MOA process for Simberi is anticipated in Q3 FY25.
- Memorandum of Understanding (MOU) has been signed whereby Kumul Mineral Holdings Limited (Kumul) and the Company will negotiate towards Kumul acquiring, at an agreed market value at the time of binding agreements, up to a 20% interest in an unincorporated joint venture over the Simberi ML and farm-in up to 20% in the Tabar Islands Exploration Licenses subject to satisfactory due diligence.
- Acceleration of Simberi Sulphides continues in parallel with ML Early Renewal Application:
  - Request for tenders on a 5.8MW ball mill were issued on 11 November 2024 for submission in December;
  - Extended geotechnical drilling campaign commences this week at planned ball mill location and will progress to planned ROM pad, haul road and wharf / concentrate shed areas;
  - A 340 bed 'as new' construction camp (including new mess hall, recreation rooms and associated facilities) is being procured within country and is planned to be shipped to Simberi for installation commencement in Q3 FY25.

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St Barbara Limited (“**St Barbara**” or the “**Company**”) (ASX: SBM) is pleased to announce that the submission for early renewal of Simberi’s ML has been accepted and registered by the MRA of PNG. The next step in the renewal process are Warden Court hearings to be held in New Ireland Province in Q3 FY25 in accordance with Mining Act. Following the Warden Court hearings, the Mining Advisory Council will then make a final recommendation to the Minister for Mining.

Separately St Barbara has entered into a MOU with Kumul, the State Nominee for PNG’s share of minerals projects within PNG. As the State Nominee, Kumul participates in negotiations to acquire shares in minerals projects and raise the funds required. Kumul then holds these shares and contributes to exploration and development costs on an ongoing basis. Kumul is presently carrying out due diligence. Under the MOU the parties will negotiate towards Kumul acquiring, at an agreed market value at the time of binding agreements, up to a 20% interest in an unincorporated joint venture over the Simberi ML and farm-in up to 20% in the Tabar Islands Exploration Licenses.

Managing Director and CEO Andrew Strelein said “*The registration of Simberi’s Mining Lease early renewal application, the proposed enhanced net profits based royalty included in the future benefits agreement and the*



*signing of a MOU with Kumul are all significant steps forward in development of the Simberi Sulphide Expansion and in unlocking the value of this project for all stakeholders. Importantly the submission of the Mining Lease included letters of support from the Simberi Landowner Association, New Ireland Provincial Government, Local Member of Parliament and Namatanai District Development Authority and demonstrates the value of this project to PNG.”*

*“St Barbara anticipates formalising the MOU into a binding agreement with Kumul in the near-term and well ahead of final investment decision on the Simberi Sulphide Expansion, which is expected at the start of the December quarter FY26.*

*“The acceleration of the Simberi Sulphides development has seen the tenders for the new ball mill issued last month and submissions expected in coming weeks. In addition a geotechnical drill campaign commences this week at the planned ball mill location and will then progress to the planned ROM pad, haul road and wharf / concentrate shed areas.”*

## **Mining Lease Renewal and Process**

Standard mining leases within PNG have an initial duration of up to 20 years, and can subsequently be extended by up to 10 years for each approved renewal (unless the project is deemed of significant size and importance to PNG which then requires a special mining lease (e.g. Porgera, Lihir and Wafi-Golpu)). Simberi has a standard ML which was last renewed in 2018 and therefore is due for renewal again in 2028 to extend the ML through to 2038.

St Barbara’s application for an early processing of the renewal of Simberi’s ML has now been accepted and registered by the MRA. Whilst it is not unusual for early renewals to be processed by the MRA, the Company is grateful for the favourable consideration of our early renewal submission with its accompanying technical documentation and letters of support from key stakeholders.

The next steps in the ML renewal process are:

- Warden Court hearings held in New Ireland Province in Q3 FY25 in accordance with Mining Act;
- Mining Advisory Council will then make a final recommendation to the Minister for Mining; and then
- Minister for Mining formally renews the ML based on the recommendation.

St Barbara has carried out extensive discussions with stakeholders. Based on those discussions a proposal for an enhanced royalty arrangement has been made for inclusion in a future version of the MOA with stakeholders. Under the enhanced royalty arrangement, the payment to participants in MOA, from commencement of sulphides processing, would be the greater of a 10% NPR or a 3% NSR royalty as compared to existing 2% NSR royalty.

Following the discussions and the proposal of the enhanced royalty arrangements, there have been letters of support from the Simberi Landowner Association, New Ireland Provincial Government, Local Member of Parliament (and Minister for Transport and Civil Aviation ) and Namatanai District Development Authority to accompany the submission of St Barbara’s application for early renewal of the Simberi ML.

## **MOU with Kumul**

Kumul holds major shareholdings in the Ok Tedi and Porgera operations, owns 15% of the Solwara 1 Project, a strategic shareholding in Tolu Minerals and is engaged with the PNG State Negotiating Team for the exercise of the 30% equity option in the Wafi-Golpu Project.

Under the MOU the parties will negotiate towards Kumul acquiring, at an agreed market value at the time of binding agreements, up to a 20% interest in the Simberi ML and farm-in up to 20% in the Tabar Islands Exploration Licenses. Both transactions envisage the formation of unincorporated joint ventures with cash consideration at an agreed market value for the interests and that Kumul will fund its 20% share of future capital costs. St Barbara’s relevant subsidiary will manage the respective proposed unincorporated joint ventures.

Kumul as an equity partner, together with the proposed community benefits agreement package with an enhanced royalty, is aligned with the PNG Government position on achieving greater economic interests in resources projects. This is a positive step towards engagement on the ML renewal well ahead of the final investment decision for the Simberi Sulphide Expansion expected early in the December quarter FY26.



## Pre-Expansion Growth Capital Investment Update

St Barbara has committed to funding some of the Sulphide Expansion activities ahead of the final investment decision<sup>1</sup>.

### Camp Upgrade

As previously announced<sup>2</sup> there were three planned phases of funding over FY25, FY26 and FY27 to upgrade the Simberi camp. The opportunity of a 340 bed 'as new' construction camp (including new mess hall, recreation rooms and associated facilities) from within PNG allows compression of phases one and two of the previous planned funding.

Once acquired, the construction camp will be packed up and shipped to Simberi, with installation planned to commence in Q3 March FY25. Construction of the camp will provide sufficient rooms to accommodate anticipated early works expansion personnel numbers.

## Accelerated Growth Capital Items Update

### New Ball Mill

Three key project components were outlined in the equity raise on 5 November 2024<sup>3</sup> with the longest lead item the procurement and construction of the new larger ball mill circuit.

The tender package for the 5.8MW ball mill was issued to tenderers on 11 November 2024 for submission in December 2024. An order for the ball mill is expected to be placed early calendar 2025.

### Geotechnical Drilling

An extended geotechnical drilling campaign (Figure 1) commences this week at the planned ball mill location and will progress to the planned new run-of-mine ore pad, haul road and wharf / concentrate shed areas. Additional drilling is also required at the toe of the two waste rock dumps (Middle and Darum), which are planned to be constructed along with utilising open pits for backfilling.

## Sulphide Expansion Schedule

The main Simberi Expansion work in progress for FY25 is shown in Table 1 below. Tenders have been received for the Feasibility Study Update, with a decision on the choice of tenderer to be made shortly.

**Table 1. FY25 Indicative Simberi Expansion Project Schedule**

Simberi Expansion Work Areas	Status	Q1 Sep FY25	Q2 Dec FY25	Q3 Mar FY25	Q4 Jun FY25
Resource definition drilling / exploration and sterilisation drilling	60% Complete	→			
Metallurgical testwork / Flowsheet finalisation	In progress	→			
Process Plant Layout and Design (Class 4) Study	Commenced	→			
Feasibility Study update	Not started			→	

<sup>1</sup> Refer to ASX announcement dated 10 May 2024 titled "10 Year Plus Outlook for Simberi"

<sup>2</sup> Refer to ASX announcement dated 19 August 2024 titled "Simberi Sulphides Expansion Flowsheet Selected"

<sup>3</sup> Refer to ASX announcement dated 5 November 2024 titled "Institutional Placement and SPP to Accelerate Simberi"



**Figure 1. Simberi Sulphides Geotechnical Drilling Campaign (comprising Middle and Darum waste rock dumps; new ball mill location; new ROM pad; new haul road and wharf / concentrate shed areas)**



**Authorised by**

Andrew Strelein  
*Managing Director and CEO*

**About Kumul Minerals Holdings Limited:**

Kumul Minerals Holdings Limited (Kumul) was established by the Kumul Minerals Holdings Limited Authorisation Act 2015 of the Parliament of the Independent State of Papua New Guinea. The company focuses on developing the country of Papua New Guinea by creating opportunities, developing projects, and contributing to the country's economy. Kumul is the State Nominee for investments in State Equity Option projects, as well as direct and indirect investments in mineral assets.

<https://kumulminerals.com.pg/>

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